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C O N F I D E N T I A L ABU DHABI 004719

SIPDIS

PASS TO USTR DOUG BELL

E.O. 12958: DECL: 12/21/2009
TAGS: [PREL](#) [ECON](#) [ETRD](#) [GCC](#) [TC](#)
SUBJECT: UAE PERSPECTIVE ON GCC SUMMIT

REF: ABU DHABI 4655

(U) Classified by Richard A. Albright, reasons 1.4 (b) and (d).

11. (C) Summary: New UAE President Sheikh Khalifa bin Zayed Al-Nahyan closed the GCC summit, named after his late father Sheikh Zayed, by inviting his fellow leaders to Abu Dhabi for the 26th GCC Summit in December 2005. According to local press and UAEG officials, the GCC dodged the contentious issue of the Bahrain - U.S. FTA by "kicking it back to (ministerial) committee." UAEG officials told us that they had disagreed with the Saudi decision to raise the issue to a political level rather than solving it as a technical problem. The UAE and Qatar also announced their agreement to build a causeway linking Abu Dhabi with Qatar and the GCC reiterated its support for UAE sovereignty over the three islands occupied by Iran. End Summary.

12. (C) Ministry of Economy Assistant Under Secretary for International Cooperation Abdullah Al Saleh, who had attended the summit, told EconChief that there had been absolutely no progress on resolving the issue of member-states' bilateral FTAs with the U.S. He stressed that no one in the UAEG had wanted the leaders to discuss an issue that had not been worked out in advance. He noted, however, that GCC leaders ultimately did discuss the FTA issue in an executive session and decided to pass it back to ministers for action. He noted those ministers had not been able to find a technical solution and had passed the problem to their superiors. He added, however, that he saw a number of relatively easy technical solutions to the problem. One possible solution, he suggested, would be to insert a clause into a bilateral FTA asserting that goods brought into a country duty free under the FTA would not be eligible for duty free shipment to other members of the GCC Customs Union.

13. (C) Khalid Al Bustani, Assistant Under Secretary for Revenue and Budget at the Ministry of Finance, who had not attended the summit, told EconChief that he thought every state but Saudi Arabia backed Bahrain's decision to sign a bilateral FTA with the U.S. He referred to the press reports that the summit had sent the FTA issue back to the ministers to discuss. Repeating a common theme here, he added that the subject should never have been raised to a political level in the first place, and that Saudi Arabia's concerns over customs revenue could be solved as a technical matter. Both Al Bustani and Al Saleh underscored that their ministries are busily preparing for the upcoming FTA negotiations with the U.S.

14. (C) Yousef Al Otaiba, special advisor to Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed, commented to Charge December 21 that everyone in the GCC understood perfectly well that it would be a long time before Saudi Arabia was ready for an FTA. He likened Saudi behavior on the issue to that of a child excluded from a game who was trying to ruin it for everyone else. He shrugged, saying, "The Saudis are just like that sometimes."

15. (C) The "Zayed Summit" concluded with leaders reaffirming their support for the UAE in the dispute with Iran over three islands, occupied by Iran. Papers quoted the summit final statement saying "the islands are an inseparable part of the UAE." Additionally, the GCC general secretariat announced a decision to build a causeway linking Abu Dhabi in Qatar to facilitate road travel between the two states. (Note: This is the first we have heard of this project. End note)

16. (U) Next year,s GCC summit will be held in Abu Dhabi. The 2004 GCC Summit was to have been held in Abu Dhabi. The official story is that Bahrain asked the UAEG to host the summit, but our understanding is that the opposite occurred. Then President Sheikh Zayed,s failing health and significant delays in completing the Conference Palace Hotel and related infrastructure had made it inconvenient for Abu Dhabi to host this year.

ALBRIGHT